



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

AUG 29 2003

MARC SPITZER – Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

DOCKETED BY

CRP

IN THE MATTER OF THE APPLICATION OF) DOCKET
ARIZONA WATER COMPANY, AN ARIZONA) NO. W01445A-02-0619
CORPORATION, FOR ADJUSTMENTS TO ITS)
RATES AND CHARGES FOR UTILITY SERVICE) INTERVENOR'S NOTICE
FURNISHED BY ITS EASTERN GROUP AND FOR) OF FILING
CERTAIN RELATED APPROVALS)

RESPECTFULLY SUBMITTED this 28th day of August 2003

ROBERT SKIBA, INTERVENOR

The original and thirteen (13 copies
of the foregoing were filed this
28th day of August 2003 with:

Docket Control
Arizona Corporation Commission
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By: 
Robert Skiba

BEFORE THE ARIZONA CORPORATION COMMISSION

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MARC SPITZER

Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

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MIKE GLEASON

Commissioner

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GROUP AND FOR CERTAIN RELATED)
APPROVALS)

DIRECT

TESTIMONY

OF

ROBERT SKIBA

INTERVENOR

AUGUST 28, 2003

INTRODUCTION

Q. Please state your name and place of residence.

A. My name is Robert Skiba. I reside at 2000 Mt. Lemmon Hwy, Oracle, Arizona 85623. My mailing address is PO Box 1057 Oracle, Arizona 85623.

Q. Are you presently employed?

A. No. I retired early from Newmont Mining Company on July 1, 1989. At that time I was the Manager of training and Development. Prior to July 1, 1986, I was employed by Magma Copper Company at San Manuel and Superior as Manager, Personnel Services. I held that position from August 1, 1974 to June 30, 1986. Magma Copper Company was wholly owned by the parent company, Newmont. I served 33 1/2 years in the employ of Magma-Newmont.

Q. Briefly describe your duties and responsibilities while at Magma Copper Company.

A. I was responsible for:

- All labor relations with eight (8) labor organizations representing twenty-three (23) labor contracts, which includes anniversary contract negotiations, grievance and arbitration handling.
- Employment function – hourly and salaried.
- Supervisory training
- Benefit Administration:

--Medical

--Dental

--Vision Care

--Life Insurance

--Pensions/Retirement

--401K Plan

--Long and Short Term Disability Plan

- Hospital Administration at San Manuel and Superior

- Townsite Administration:

 - San Manuel – 1200 units

 - Superior – 20 units

- Workman's Compensation

- Interface with many governmental agencies such as:

 - NLRB

 - Arizona Industrial Commission

 - Department of Economic Security

 - EEOC

 - Department of Labor

 - Arizona Civil Rights Commission

Q. How many employees did you directly supervise?

A. Approximately 15 to 20

1
2
3 **Q. Who was your supervisor?**

4 A. The property General Manager.
5

6 **Q. Briefly describe your educational background.**

7 A. Educated in Chicago, Illinois. Graduated High School 1947. US Air Force
8 1947-1951. Attended different colleges over a long period of time. Non-
9 degreed. Over a thirty year period I have attended many workshops and
10 seminars pertaining to labor relations and personnel management
11
12
13

14 **Q. Have you been active in community affairs in the Oracle –San Manuel-
15 Mammoth area?**

16 A. Yes. I moved to San Manuel in 1956 and began a long history of community
17 involvement. I was active in:
18

19
20 --San Manuel Elks Lodge (Past Exalted Ruler)

21 --San Manuel Gun Club – (Vice President)

22 --San Manuel American Legion (Senior Vice Commander)

23 --Lions Club (Dance Chaperone)
24

25 In January 1959 I moved to Oracle and served as:

26 --Church Trustee

27 --Library Board Member

28 --PTA – Oracle Elementary (President)

29 --Oracle Little League (President)
30
31

--San Manuel Little League (President)

--Oracle Little League -- Games Announcer

--Oracle Mens' Softball Team

--AWC Rate Case 1992 -- Intervenor

--Conducted numerous workshops in the three communities concerning
property valuation issues. Explained the process and how to file appeals.

Q. Any community activities outside the Tri-Community area?

A. Yes. At Catalina Foothills High School in Tucson I announced Freshman and
Varsity High School football games.

**Q. You previously served as Intervenor in an Arizona Water Company rate
case.**

A. Yes. In the 1992 matter.

**Q. Why have you elected to serve as Intervenor in the matter before the
Commission?**

A. I believe that with my background and experience I may be helpful to the
people of my community in seeing that my community thoroughly
understands what the issues are in this AWC rate application.

Q. Have you held any community meetings in this regard?

A. Yes, the first such meeting was held on April 28, 2003, at the Oracle Justice Court (7 p.m.). The following day, April 29th, we had a meeting at the San Manuel Elks Lodge (7 p.m.)

Approximately 60 rate payers attended the meetings.

Q. Did you send letters to each community newspaper in the Eastern Group alerting the community as to the AWC intentions?

A. Yes. Letters were sent to the local newspapers at the following locations:

- Apache Junction
- Superior
- Copper Basin News (Winkelman)
- San Manuel
- Bisbee
- Sierra Vista
- Miami

Q. Were you involved in sending a bus load of rate payers to Phoenix for the Public Comment Meeting on June 23, 2003?

A. Yes, I organized that activity and with the help of several others in Oracle and San Manuel we filled the bus. We traveled to Phoenix even though we had the Aspen Fire virtually in our backyards. The bus cost our group \$850 for the round trip.

**Q. Did you play a part in the August 18, 2003, Public Comment
Hearing (PCH) at the San Manuel High School?**

A. Yes. In late July, I had several telephone conversations with the Commission's staff regarding PCH in San Manuel. At one point it appeared that the PCH was "falling through the cracks." Several calls to Chairman Spitzer's office brought results, except no one from the commission notified the people of Oracle and San Manuel of the 8-18-03 PCH. I did that with the help of Grace Honea in San Manuel.

Q. What areas will you now cover in your testimony?

A. I think two categories should be sufficient – (1) general subjects and (2) specific references to earlier testimony by AWC, Staff and RUCO personnel.

GENERAL

**Q. Do you object to the AWC making a just and fair return – a profit
if you will?**

A. No. The AWC is entitled to make a fair profit in order to stay financially healthy and serve its customers in the manner which it has done in the past. It is "excessive" profits that concerns me.

The 11%, as requested by the AWC Required Rate of Return, for each Community in the Eastern Group is excessive in my opinion. An opinion shared by many in this area as reflected by the speakers at San Manuel on

August 18th at the PCH.

A more realistic figure for the AWC, in view of the present financial climate both nationally and locally, would be in my judgment around 6% Required Rate of Return.

Testimony was presented at the PCH in San Manuel on 8-18-03 that our Tri-Community area suffers as an economically depressed area caused by the loss of our only major employer, BHP Copper Company.

The amount of rate increase requested by the AWC does not take this condition into consideration. Six of the eight communities in the AWC's Eastern Group have been seriously affected by mine closures.

Q. Have you determined the Net Income for the AWC for the past years since the last rate increase?

A. Yes. I could not obtain the gross revenues or net income for 1993, but I was able to use the AWC Annual Reports filed with the ACC which shows Gross

Revenues and Net Income:

<u>Year</u>	<u>Net</u>	<u>Gross</u>	<u>Net as a % of Gross</u>
2002	\$6,176,616	\$36,880,062	0.1674
*2001	\$4,383,789	\$32,951,633	0.1330
2000	\$5,805,165	\$32,411,346	.01791
1999	\$5,117,429	\$29,749,822	.01720

1998	\$4,438,042`	\$27,737,763	0.1600
1997	\$4,477,450	\$27,984,064	0.1600
1996	\$4,304,120	\$26,900.755	0.1600
1995	\$3,981,806	\$24,886,289	0.1600
1994	\$3,824,231	\$23,901,447	0.1600
Totals	\$45,508,648	\$263,403,181	0.1700

***Test Year**

For the years 1998 to 1994, inclusive, I could not obtain the net income figures from my sources, so I made the assumption of using 16% net based on gross revenues.

It is interesting to see that test year net numbers are significantly reduced when comparing 1999 through 2002.

Q. Are the water rates for Oracle high in your estimation?

A. Yes. Oracle's current rate is \$0.5749 cost/1000 gallons over minimum. The proposed rate is \$0.6298 for the new 100 gallon minimum. Based on a 6000 gallons monthly consumption rate the current monthly water bill is \$44.29. The new proposed rate raises that amount to \$57.84, or 30.6%.

(AWC Rate Hearing Exhibits)

(H-3, Page 3)

(H-4, Page 3)

Also, the loss of the current 1000 gallon minimum which is being replaced with a 100 gallon minimum represents an increase in water rate for the entire Eastern Group. To see how this change affects the water rate, look at Superior with no

change in the base rate of \$0.4060. The proposal by AWC raises the monthly rate from \$41.68 to \$45.74, or 9.74%.

(AWC Rate Hearing Exhibit)

(H-3, page 4)

(H-4, page 4)

Q. Is Oracle the largest community of the Eastern Group?

A. No. In terms of customers, Oracle represents only 4.8% of the Eastern Group.

Apache Junction is the largest user in the Eastern Group with 55% of the customers. (RJK, page 3)

Q. Have you read all the statements by the AWC witnesses.

A. Yes.

Q. Do you find any reference to organizational structure of the AWC?

A. No. Other than numerical totals for the entire company there is no breakdown of employees required to staff each community operation.

I believe it would be helpful to have a list of all specific occupations in the organization along with the number of incumbents in each occupation. I would like to see the breakdown on the AWC headquarters office. How many accountants, lawyers, clerks, etc. are regularly employed (FTE's).

To paraphrase, what type of organization is the rate payer supporting.

Q. In your reading of the AWC's statements did you find any mention of employee compensation, bonuses paid, or other fringe benefits for

employees such as Medical, Dental, Life Insurance, Vacations, Paid

Holidays and Pensions?

A. No. It is very difficult for a rate payer to evaluate the operating efficiency of the company who supplies his water if this information is not made available. If the entire compensation package is out of line with industry standards, which should include the private sector, then this data should be subject to scrutiny and changed.

I know of a utility company in this area that allowed full fringe benefits to a part-time employee (20 hours per week). I don't know of a business in the private sector who would do this.

Q. In your reading of the AWC's statements did you find any reference to how this company controls costs?

A. No. I have searched each page very carefully and I do not find any type of "cost containment" program in effect. This was also the case in the last rate application by the AWC. When I cross-examined the President of the Company about cost containment during the 1992 proceeding he did not know what I was talking about.

Why have cost containment if you have a monopoly on the product? Where can I go to obtain water if I am unhappy with my water rates or services provided. The answer of course is nowhere. The rate payer is stuck within the system.

A review of the Test Year 2001 bears this out. Drive up the operating expenses

1
2 thereby reducing net income and then complain that the company is not receiving
3 a "fair and just return." My earlier example on page 7 supports this statement.
4

5 **Q. To what extent has the AWC protested the change in the Arsenic**
6 **standard?**
7

8 A. None that I can find in any of the AWC statements.
9

10 **Q. Is it in the best interest of the AWC to install arsenic treatment plants**
11 **throughout the system?**
12

13 A. Yes. To comply will greatly add to the AWC rate base which will allow
14 additional return on investment in the future rate hearings. If the
15 company protested the MCL arsenic changes I could not find it anywhere.
16

17 **Q. Should the Company have protested the MCL change?**
18

19 A. The AWC is in the best position to challenge the new standard.
20

21 As we all know there was no justification for the change other than for
22 political reasons. There is no medical or scientific evidence to support the
23 new standard. This is a political issue that simply comes down to votes. No
24 elected Official wants to anger the "Green" party.

25 The new standard will cost many millions of dollars to implement and
26 maintain. According to my sources, the date of January 23, 2006 is not set
27 in concrete for implementation of the new standard. A party can apply
28 for extensions of up to twelve years, in three year increments.
29
30
31

1
2 We, as Americans, should not give up the good fight on this issue. Our
3 government should be made to listen to reason. Are we lambs led to
4 slaughter?
5

6 **Q. Have you discussed the San Pedro Wells for San Manuel with BHP**
7 **officials as it relates to arsenic?**
8

9 **A. Yes. Not all wells contain high arsenic levels. "Blending" can**
10 **achieve a better result, but this must be done at the well site area and**
11 **is very practicable.**
12 **Before spending an enormous amount of money on a treatment plant for San**
13 **Manuel this "blending" should be considered.**
14
15

16 **SPECIFIC – AWC STATEMENTS ET AL**
17

18
19 **Q. When you reviewed the 2002 AWC Rate Hearing Exhibit Schedule**
20 **A – 2, page 1 of 1, line 12, as it refers to dividends, does the**
21 **number \$10.66 for test year 2001 have any significance to you?**
22

23 **A. Yes. I would like to own shares of common stock in this privately**
24 **owned company because it pays a very high dividend to its**
25 **shareholders. Much more than most of my blue chip stocks. In other**
26 **words, the people who own the 270,000 shares of AWC stock do very**
27 **well every year. The risks in this business are minimal, or better yet,**
28 **non-existent.**
29
30
31

**Q. In Sheryl L. Hubbard's testimony (page 26, starting at line 19),
there is a reference to purchase water from BHP in March 2002.**

Do you have a comment on this?

**A. Yes. BHP increased its cost per thousand gallons from \$0.60 - to \$1.12, a
\$0.52 increase or 87%. In this rate case the thousand gallon minimum is
being eliminated from all jurisdictions. However, AWC is proposing to sell
that same water for 0.1622/100 gals, or \$1.62 for the same water. Not a pass-
through situation, but one where the AWC gains \$0.50/100 gals of water sold.**

**Q. S. L. Hubbard's testimony (page 28, line 28) states that BHP will increase
those rates by January 1, 2003. Do you have a comment on this?**

**A. Yes. In my recent discussion with Jeff Parker, BHP Vice President, he
maintains that there has been no consideration given to another rate increase
by BHP in the near future.**

**Q. Has the AWC testified that the Tri-Community area is an economically
depressed area due to the mine closure?**

**A. Yes. R..J. Kennedy (page 4, line 3-4-22-23-24-25, page 5, line 1 et al, plus
graph) and S.L. Hubbard (page 28, line 23 et al) both mentioned this
condition in their testimony,**

1
2
3 **Q. Have many governmental agencies been receptive toward providing**
4 **relief for the people affected?**

5 A. Yes. There have been many meetings with government agencies who are
6 attempting to help our people cope with this very serious economic problem
7 which started July 1999 with the first layoffs of personnel.
8

9
10 Agencies such as:

- 11 • Central Association of Governments
- 12 • Dept of Economic Security
- 13 • Pinal County Economic Development
- 14 • Arizona Legislative Personnel
- 15 • Others
- 16
- 17

18 **Q. Did you receive a copy of the AWC "Bill Count" filed in this proceeding?**

19 A. Yes.
20

21
22 **Q. Were you able to use this information?**

23 A. No. Self-explanatory it is not. I could not determine anything from this
24 information. If it had a cost to prepare, and I am certain that it did, the rate
25 payer should be excused from payment.
26

27
28 **Q. Throughout the testimony of Thomas M. Zepp, Economist, for the AWC,**
29 **he refers to "risky business" as it pertains to the AWC. Do you agree**
30 **with his statements?**
31

4 A. Absolutely not. First of all the utility company has a beautiful monopoly with
5 guaranteed prices and revenues. Look at the net income of this company since the last
6 rate increase (see page 7). While our economics have been going south since March
7 2000, nationally and locally, this company continues to make decent profits. In fact
8 in the Test Year 2001 the AWC made 4.73% profit for the Eastern Group, while the
9 total company for the same period earned 7.98% (schedule A-2, Line 15) In prior
10 years the Return on Average Invested Capital was considerably higher (same exhibit).
11 I believe the dip in earnings as reported by the AWC for the Test Year 2001 is very
12 carefully controlled by simply increasing the expense line for the test year. With
13 respect to Mr. Zepp's comments concerning the difficulty AWC would have accessing
14 bond markets due to the fact that the AWC is not publicly traded and is small in
15 stature, this is a rather specious argument. The AWC can at any time go public it
16 desires to do so. However, in my view, the AWC management has preferred to keep
17 the company private because it is in their best financial interests to do so. All one has
18 to do is review the dividends paid to the limited number of stockholders. Also, the
19 AWC can grow in size if it wishes to purchase more smaller companies. So if size
20 is a major problem simply correct it by acquisition. Finally, I spent 33 1/2 years in
21 the copper business where the price of copper is set on the world market. Expense
22 control is an absolute requirement. However, our industry which once was a thriving
23 industry nationally, is nearly a dinosaur today.
24
25
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Our operating costs continued to escalate primarily due to excessive government intervention, while the price per pound of copper remained below break-even figures. Try mining copper if you want a "risky business."

Q. Is there any year where the AWC lost money?

A. Not that I can find. They have done quite well it seems.

Q. How will the AWC be affected if the arsenic standard returns to the former MCL of 50 PPB?

A. The company will not have to finance the capital costs whatever they are.

Q. Did you recently discover an article concerning arsenic treatment of drinking water?

A. Yes, the entire article is reproduced as follows:

"Just a bucket: an effort to drill for drinking wells in Bangladesh in the 1980s turned awry when the water was found to contain arsenic, poisoning millions. Canadian firm Alcon has developed a solution: run the water through a bucket filled with grains of alumina which strip water of molecules of arsenic ions. The device costs \$3.20 per person per year – John Ness."

Q. Mr. Zepp proposes a 12.4% equity return. Do you agree with this figure?

A. No. Mr. Zepp was hired by the AWC to prepare his report in a light most favorable to the AWC's wishes and desires. I strongly disagree with virtually everything contained in his testimonial statement. Like most economists he lives in a different world than I do.

Given the contract to which he was assigned by the AWC I would expect

4 Mr. Zepp's testimony to be very supportive of the AWC to the detriment of every
5 Rate payer in the system. Six of the eight communities in the Eastern Group
6 suffer the negative economics of the mining industry shutdown. Mr. Zepp does
7 not address this in his presentation.
8

9
10 **Q. The treatment of the Pinal Creek Group payment received by the**
11 **AWC has been redacted from testimony by several AWC staff**
12 **personnel. Do you agree that this information should be made**
13 **public?**
14

15 A. Yes. Unless there was a specific court order sealing the settlement it
16 should be made public. If the Company received a settlement from this
17 matter it should be treated as revenue and shared with the rate payers.
18 As the matter was between the EPA and several copper companies, I
19 fail to see how the AWC was affected and entitled to any payment.
20 Just another reason why the copper industry is suffering today.
21
22

23
24 **Q. Do you agree with William M. Garfield's testimony regarding the**
25 **proposed adoption of an inverted three-tiered rate system as a means**
26 **of water conservation?**
27

28 A. Yes, I believe Mr. Garfield is quite correct in his analysis of John Thornton's
29 proposition on the three tiered pricing system. I say stay with a uniform rate
30 design.
31

5 Schedule H-4 of the AWC Rate Hearing Exhibit clearly shows water usage by
6 community. Schedule H-3 shows the costs per 100 gallons. There is a distinct
7 relationship between high water rates and low water consumption using the
8 uniform rate design. Low water rates bring about higher water consumption.
9
10 Oracle with a present rate of \$0.5749 per 1000 gallons has the lowest water
11 consumption at 6000 gallons average per month of the eight communities in
12 the Eastern Group. We do not need a new concept which could cause us a
13 problem. Beware of unintended consequences.
14

15
16 **Q. Does the figure of \$274,550 for rate legal case expense sound excessive?**

17 A. Yes, I must assume that the Company has in-house counsel with the
18 legal expertise to handle these rate case applications. The above amount
19 is considered as an expense item for the rate payers to accept. It just adds
20 to the cost of a gallon of water to the rate payer.
21
22 As a concerned rate payer, I would like information as to the number of
23 hours spent by outside counsel on this rate case, along the hourly rates
24 charged for services performed. Inasmuch as the cost of such legal
25 activity is borne by the rate payers, we should have access to this
26 information.
27
28

29
30 **Q. In the rebuttal testimony of S. L. Hubbard (page 27, line 17 & 18)**
31

there is reference to the "benefits of the settlement" in the PCG.

A. Yes. As an Intervenor in this case, I feel that the information relative to the PCG settlement should be made available to me. All I have are blank pages where the testimony has been redacted.

I have a very bad feeling about the secrecy involved in this settlement!

Q. In R.J. Kennedy's rebuttal testimony (page 30, line 8) he states that these public hearings held in October 2002 regarding arsenic cost recovery.

Were you aware of these public hearings?

A. No. I had no information on this subject.

Q. Did you review the rebuttal testimony of W. W. Meek? Do you have any comment on the testimony?

A. Mr. Meek is President of AUIZ, and as such his entire testimony is self-serving to benefit utility companies in Arizona by actively supporting greater rates of return, which, in turn, places more money in the pockets of those in the AUIA. Mr. Meek's statement shown on page 1, line 6, makes that declaration: "keep the rates at the highest" (my opinion)

Q. Have read the rebuttal testimony of T.M. Zepp and do you have a comment on what you read?

A. Yes. I read all 63 pages, along with his Exhibits A, B & C. Of all the rebuttal

4 testimony, Mr. Meeks gets the prize for the most words. Mr. Meeks is paid by
5 the AWC to present all his data in a light most favorable to the Company.
6 Little wonder that he takes issue with the findings of ACC Staff and Ruco.

7
8 **Q. Did you review W. A. Rigsby's (RUCO) Cost of Capital direct**
9 **testimony and do you concur with his findings?**

10 **A.** Yes, in all respects except for his final conclusion regarding 8.66% cost of
11 capital rate of return for AWC. I believe the 8.66% figure should not be
12 greater than 6% return (page 5, line 18) Mr. Rigsby did an excellent job in
13 presenting the Company's after-tax net income figures for the period 1992
14 to 2002 (Page 46, line 4). Also, his reference to dividends paid to shareholders
15 was exceptional.

16
17 My conclusion: The AWC is financially very healthy, past and present

18
19
20 **Q. Did you review W.A. Rigsby's direct testimony and, if so, do you have**
21 **any comments?**

22
23 **A.** Yes. First, I object to the PCG Confidentiality – Redacted Section,
24 pages 26-33. Also on page 41, Mr. Rigsby refers to a customer using less than
25 a 1000 gallons/month. As I read that section I must say I know of no family
26 who uses less than 1000 gals/mo.

27
28
29 **Q. Did you review the testimony of ACC Staff J.M. Reiker and do you have**
30 **any comments?**
31

4 **A. With the exception of Mr. Reiker's recommended 8.6% Rate of Return for the**
5 **AWC, it is my opinion that he did an outstanding job in his presentation.**

6 As I consider all the testimony presented in this rate case, I strongly favor that
7 of the ACC Staff and the RUCO Staff. I do have several areas of disagreement
8 with Staff and RUCO as I noted earlier however. According to the AWC
9 Exhibits H-3 and H-4 **Superior** with no increase in rate would have an
10 increased monthly water bill from \$41.68 to \$45.74 caused by the
11 elimination of the 1000 gallon minimum and substituting a 100 gallon
12 minimum.
13
14
15

16 **Q. Have you received T.J. Coley's (RUCO) direct testimony and do you have**
17 **comment?**

18
19 A. Yes. I have read his documents and report favorably regarding same. However,
20 it is my understanding that BHP offered to give wells to AWC and the offer was
21 rejected by AWC.
22
23

24 **Q. On the whole do you basically agree with ACC Staff and RUCO staff**
25 **positions regarding the rate increase as proposed by the AWC?**

26 A. Yes I do. It is my belief that one can sort out the considerable rhetoric in this
27 rate case simply by considering the motivational forces that drive the parties to
28 the dispute. The AWC is motivated by increased revenues, while ACC Staff
29 and RUCO are serving the public at large.
30
31

4 **Q. Are you aware that water conservation seems to be a issue in this case?**

5 A. Yes. The solution is not in continually increasing the cost of water to the rate
6 payer. People cannot live without water. Electricity, Gas, Phones, TV, and
7 computers we can live without, but not water. A massive educational
8 program by the Arizona Department of Water Resources aimed at the general
9 public, with particular focus on school children at all levels, would do more, in
10 my opinion. than raising water rates. Reduction of "greenbelts" in housing
11 sub-divisions would be a step in the right direction, as would golf courses using
12 treated effluent for course irrigation. My children who were raised in a water
13 deprived area of Oracle learned early in life that water is a very special
14 resource. They were taught and used the "Navy" shower concept:

- 15 • Wet down quickly – water off
- 16 • Soap and scrub
- 17 • Rinse Quickly – water off

18 We never wasted water.

19 In my view we desperately need a statewide massive water conservation

20 Education program rather than increase water rates to reduce the usage of water.

21 **Q. Was there a recent TV program sponsored by the state legal bar on this**
22 **subject?**

23 A. Yes. On August 4, 2003, at 6:12 a.m. Channel 4- Tucson (NBC) gave time to
24 Attorney Michael James Bryant who conducts a program entitled "The
25
26
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Legal Edge.” His subject that morning pertained to greenery laws. Mr. Bryant told his audience that if you live in certain municipalities you could be heavily fined for failure to properly maintain your lawn. Watering your lawn was his primary focus. As you can see the need for educating the public about water is paramount.

Q. Summarize the issues and your position as you see them in this case.

A.

1. The AWC proposes an 11% ROE which I feel is excessive. I would propose not more than 6%.
2. Retain the 1000 gallon minimum for all communities.
3. Provide a mechanism for increasing rates for unusual and unforeseen expense occurrences, such as fire, flood, earthquakes, etc., but only after having public comment meetings.
4. Inverted three-tiered rate concept should not be considered.
5. Outside legal counsel expense, which costs the rate payer, should be given the “sniff” test as it sounds excessive to this rate payer.

Q. Does this conclude your direct testimony?

A. Yes, it does, except that I wish to note that by silence on any issue raised by any of parties to this rate case should not be taken as my acceptance of such issue or recommendation.


Robert Skiba, Intervenor